

## Message Text

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PAGE 01 TOKYO 01038 01 OF 02 201236Z  
ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-06  
CEA-01 OES-07 DOE-11 SOE-02 ACDA-12 DODE-00  
AGRE-00 /114 W  
-----079061 201343Z /47

P R 200919Z JAN 78  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC PRIORITY 4526  
INFO AMEMBASSY SEOUL  
AMEMBASSY TAIPEI  
AMCONSUL HONG KONG  
USLO PEKING  
CINCPAC HONOLULU HI

LIMITED OFFICIAL USE SECTION 1 OF 2 TOKYO 1038

CINCPAC ALSO FOR POLAD

E.O. 11652: N/A  
TAGS: PINT, JA  
SUBJECT: ECONOMIC DIET SESSION

SUMMARY: DIET SESSION WHICH REOPENS ON JAN. 21 WILL  
CONCENTRATE ON BUDGET FOR COMING YEAR. IN ADDITION  
TO ATTACKING GOJ PLANS FOR ECONOMIC RECOVERY, OPPOSITION  
PARTIES WILL TRY TO FORCE GOJ TO ADD INCOME TAX CUT  
TO BUDGET AND MAY WELL SUCCEED. THERE ARE NO OTHER MAJOR  
BILLS ON AGENDA BUT PROSPECT OF CALM SESSION IS MIXED  
BLESSING FOR BUREAUCRACY WHOSE HIGHER OFFICIALS WILL  
HAVE TO SPEND MORE THAN TWO MONTHS TIED UP FIELDING  
WELTER OF OPPOSITION QUESTIONS. END SUMMARY.

1. JAPAN'S POLITICAL YEAR WILL OPEN IN EARNEST WITH  
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PAGE 02 TOKYO 01038 01 OF 02 201236Z

CONVENING OF DIET ON JAN. 21. SESSION IS SCHEDULED TO  
RUN TILL MAY 17 AND WILL FOCUS PRINCIPALLY ON JFY-78  
BUDGET (APRIL 1, 1978, TO MARCH 31, 1979). DIET SESSION  
WILL BEGIN WITH POLICY SPEECHES BY PRIMIN, FONMIN, MINFIN  
AND EPA DIRGEN, WILL HAVE THREE DAYS OF QUESTIONS ON POLICY  
BY REPRESENTATIVES OF ALL PARTIES, AND IS THEN SCHEDULED  
TO HOLD BRIEF DEBATE ON SMALL SUPPLEMENTARY BUDGET BILL

AIMED AT BOOSTING ECONOMY'S PERFORMANCE DURING JAN.-MARCH QUARTER OF PRESENT JFY. LOWER HOUSE BUDGET COMMITTEE IS SCHEDULED TO DEBATE BUDGET BILL FROM FEB. 1 THROUGH 28, UPPER HOUSE COMMITTEE WILL HAVE IT ENTIRE MONTH OF MARCH, AND PASSAGE IS PLANNED FOR FIRST WEEK OF APRIL.

2. MAIN OBJECTIVE OF OPPOSITION PARTIES IN DEBATES ON ANNUAL BUDGET IS TO FORCE GOVERNMENT TO AGREE TO INCOME TAX CUT ABOVE AND BEYOND LEVELS IN DRAFT BUDGET. SOME GOJ OFFICIALS BELIEVE STRAUSS-USHIBA JOINT STATEMENT'S REMARKS ON SEVEN PERCENT GROWTH TARGET WILL BE USED TO PROD GOJ IN THIS DIRECTION. (77 TOKYO 19718 DESCRIBES AND ANALYSES 34.3 TRILLION YEN DRAFT BUDGET.) OPPOSITION SUCCEEDED IN WRINGING TAX REBATE FROM GOJ DURING LAST YEAR'S BUDGET DEBATE, AND SINCE LDP'S MAJORITIES IN BOTH HOUSES REMAIN AS TENUOUS AS LAST YEAR, IS CONFIDENT OF SIMILAR SUCCESS THIS YEAR. OPPOSITION PARTIES ARE NOT YET IN AGREEMENT AMONG THEMSELVES ON SIZE OF TAX CUT THEY WANT (SOCIALISTS, COMMUNISTS AND CLEAN GOVERNMENT WANT ONE TRILLION YEN CUT; DEMOCRATIC SOCIALISTS AND NEW LIBERAL CLUB WANT ABOUT 350 BILLION YEN CUT), BUT ARE SAID TO BE WORKING TOWARD AGREEMENT. EARLY BETTING IS THAT GOJ WILL AGREE TO TAX CUT IN NEIGHBORHOOD OF 350 BILLION YEN, ROUGHLY SAME SIZE AS LAST YEAR'S.

3. ANOTHER OPPOSITION OBJECTIVE WILL BE TO CRITICIZE LIMITED OFFICIAL USE

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PAGE 03 TOKYO 01038 01 OF 02 201236Z

AS INADEQUATE GOJ'S PLANS FOR 7 0/0 ECONOMIC GROWTH IN JFY-78. UNLIKE JOINT EFFORT TO SQUEEZE OUT TAX REDUCTION, HOWEVER, EACH OPPOSITION PARTY IS EXPECTED TO ATTACK ALONG ITS OWN PARTICULAR POLICY LINES WITH LITTLE COORDINATION WITH OTHERS.

4. APART FROM BUDGET BILL, GOJ WILL INTRODUCE 81 BILLS AND 15 MINOR DRAFT TREATIES. MOST ARE NON-CONTROVERSIAL AND NONE DIRECTLY INVOLVES USG. BILL MOST LIKELY TO CAUSE CONTROVERSY IS DOMESTIC LEGISLATION IMPLEMENTING JAPAN-ROK CONTINENTAL SHELF AGREEMENT, WHICH OPPOSITION PARTIES SUCCEEDED IN BLOCKING IN BOTH REGULAR AND EXTRAORDINARY DIET SESSIONS LAST YEAR. THAT BILL IS CERTAIN AGAIN TO EVOKE HEATED DISCUSSION OF WHOLE RANGE OF JAPAN-ROK RELATIONS, BUT, AT LEAST ACCORDING TO WHAT CHAIRMAN OF LOWER HOUSE FOREIGN RELATIONS COMMITTEE HAS TOLD EMBOFF, THIS TIME LDP THINKS IT MIGHT PASS. ALSO OF INTEREST IS PAIR OF NUCLEAR-RELATED BILLS, ONE OF WHICH FOR FIRST TIME ALLOW PRIVATE OWNERSHIP OF NUCLEAR REPROCESSING FACILITIES,

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LIMITED OFFICIAL USE SECTION 2 OF 2 TOKYO 1038

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THE OTHER OF WHICH WOULD ESTABLISH NUCLEAR SAFETY COMMISSION SEPARATE FROM ATOMIC ENERGY COMMISSION. BOTH ARE EXPECTED TO PASS WITH LITTLE FUSS. WHILE NOT ON ROSTER, THERE IS POSSIBILITY THAT BILL AMENDING US-JAPAN EXTRADITION TREATY WOULD BE INTRODUCED IF BILATERAL NEGOTIATIONS SHOULD TERMINATE SUCCESSFULLY BEFORE SESSION ENDS.

5. ALSO NOT ON AGENDA BUT VERY MUCH ON MINDS OF LEGISLATORS, PRESS AND PRIMIN IS POSSIBLE PROGRESS TOWARD SIGNATURE OF PFT WITH CHINA. FUKUDA HAS MOVED SO SLOWLY AND CAUTIOUSLY (SEE 77 TOKYO 19503) DURING PAST THREE MONTHS THAT, BARRING SPECTACULAR ANNOUNCEMENT IN HIS JAN. 21 POLICY SPEECH GIVING GREEN LIGHT TO PFT NEGOTIATIONS, HIGH INTEREST IN TREATY AMONG LIMITED OFFICIAL USE

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PAGE 02 TOKYO 01038 02 OF 02 201146Z

DIETMEN OF ALL PARTIES WILL PRODUCE MUCH QUESTIONING ON IT.

6. COMMENT: UNLESS THERE ARE SURPRISES, SESSION

PROMISES TO BE RELATIVELY CALM. MOST BILLS ON AGENDA ARE PROSAIC AND, EVEN THOUGH ECONOMIC RECOVERY IS OF INTENSE CONCERN TO ALL, DEBATES ON BUDGET AND ECONOMY WILL PROBABLY NOT GENERATE MUCH HEAT. DURING BUDGET DEBATES, HOWEVER, WE CAN EXPECT OPPOSITION TO QUESTION GOVERNMENT AS VIGOROUSLY AS POSSIBLE ON USUAL WIDE ASSORTMENT OF SUBJECTS, THIS YEAR'S LEADING TOPICS BEING PROGRAMS TO PROTECT JAPANESE FARMER FROM IMPORTS OF BEEF AND ORANGES, KCIA'S ALLEGED KIDNAPPING OF KIM DAE-JUNG AND JSDF PLANS TO PURCHASE F-15 FIGHTERS AND LOCKHEED-MADE P-3C'S FROM US. INTERPELLATIONS WILL GO ON DURING ENTIRE TWO MONTHS SET ASIDE FOR DEBATE ON BUDGET AND WILL CONTINUE IN DIMINISHED FORM IN OTHER COMMITTEES THEREAFTER. BUREAUCRATS FROM MID-LEVELS UP IN EVERY MINISTRY, WHO ARE REQUIRED TO DEVOTE MOST OF THEIR TIME DURING SESSIONS TO PREPARING FOR AND FIELDING WELTER OF OPPOSITION QUESTIONS, AS USUAL CAN EXPECT TO BE TIED UP TO DETRIMENT OF OTHER WORK.

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## Message Attributes

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**TAGS:** PINT, JA  
**To:** STATE  
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